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UNIDO ACTIVITIES IN COUNTRIES EMERGING FROM CRISIS SITUATION

Report by the Director-General

Provides a progress report on the developments and steps taken in compliance with resolution GC.10/Res.6.

Introduction

1. This document is issued in accordance with resolution GC.10/Res.6 on UNIDO activities in countries emerging from crisis situations. This resolution took into account the Millennium Development Goals and the important development-related decisions taken by international conferences and stressed the need for international institutions both within and outside the United Nations system, including UNIDO, to enhance within their mandates their cooperative efforts to promote effective and collective support to the implementation of Agenda 21 to achieve sustainable development. Fully aware of the critical situation and vulnerability of people in all countries emerging from crisis situations, including in countries emerging from conflict, and the need for timely support in priority areas to reduce this vulnerability, the resolution noted the ongoing developments of UNIDO's thematic initiative on post-crisis industrial rehabilitation and reconstruction and the round table that took place on this issue during the tenth session of the General Conference of UNIDO in December 2003.

2. In this context, the resolution encouraged the Director-General to consider, on a case-by-case basis and in full consultation with the affected countries, whether and at what point industrial rehabilitation and reconstruction is a priority for a country emerging from a crisis situation. It requested the Director-General to take into account the need for an integrated approach that strikes the appropriate balance between humanitarian relief efforts and the restoration of productive capacities when planning post-crisis interventions. The resolution further requested the Director-General to ensure that UNIDO assistance to countries emerging from crisis situations is focused on activities that are clearly within UNIDO's mandate, as defined by the Business Plan and other key planning documents and is in line with nationally-owned poverty reduction strategies, where relevant. In addition, the resolution asked the Director-General to consider whether and in what way UNIDO activities in countries emerging from crisis in all regions should contribute to post-crisis industrial rehabilitation. The resolution furthermore encouraged the Director-General to take the necessary steps to ensure, in collaboration with other United Nations agencies, the continuation of UNIDO involvement in designing and, when the necessary conditions are secured, in implementing sustainable industrial development projects in countries emerging from crisis situations, in full consultation with the appropriate authorities.

3. Finally, the resolution requested the Director-General to submit a short progress report on the

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developments and steps taken in this regard to the twenty-eighth and twenty-ninth sessions of the Industrial Development Board.

I. DEVELOPMENTS AND STEPS TAKEN TO DATE

Approval of initiative activities

4. UNIDO's special initiative for post-crisis industrial rehabilitation and reconstruction focuses on facilitating the formulation of tailored responses to specific industrial development challenges faced by countries in post-crisis situations. This project proposal for the total amount of $385,000 was approved on 6 March and 6 August 2003 respectively. Furthermore, a series of project proposals, mainly located in Africa and amounting to a total budget of $1.5 million, were approved for post-crisis interventions.

Activities undertaken

In-house coordination

5. In order to facilitate in-house coordination for programming, implementation and monitoring of activities on this subject, an informal working group was established within the Programme Development and Technical Cooperation Division (PTC) and, specifically for Iraq, a task force was set up with the participation of staff from both the Programme Coordination and Field Operations Division (PCF) and PTC. The implementation of the activities on this subject was also assisted by a group of short-term experts and through redeployment of an internal staff member.

Research and strategy setting

6. A draft UNIDO strategy paper for post-crisis industrial rehabilitation and reconstruction was prepared which was the basis of the issue paper and the discussion paper presented at the General Conference round table in December 2003. The discussion paper is thus a clear reflection of the issues raised with regard to potential UNIDO interventions in countries emerging from crisis situations and presents the framework for UNIDO's programme on this issue. An official strategy paper is being finalized by incorporating the comments and recommendations made at the General Conference.

7. With a view to facilitating the understanding of the most pertinent issues of post-crisis assistance within the current global development agenda, a Post-crisis and Post-conflict Electronic Support Resource (PPESR) was established as part of UNIDO's Electronic Data Management System (EDMS). This system is a knowledge-based library with information/documentation on subject issues and programme activities prepared and conducted by other agencies and organizations. The first phase of research and follow-up authorization to the contents of PPESR is 80 per cent complete. PPESR will be made operational on the Internet by the end of 2004 and will thus establish a forum for information exchange among various development partners.

Countries of intervention to date

8. UNIDO has conducted needs assessments and participated in inter-agency missions as well as organized programme formulation missions to the following 14 countries during the course of the year 2003: Afghanistan, Algeria, Angola, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Guatemala, Guinea, Iraq, Rwanda, Sierra Leone, Sri Lanka, Sudan and Timor-Leste. As a result, a number of preliminary and full-fledged programme documents as well as strategic frameworks were prepared. The concrete content and present status of activities in each country is referred to in the annex.

9. While not pursued specifically within the post-crisis initiative activities as described above, UNIDO interventions in countries emerging from crisis situations, such as Burundi (integrated programme), Iran (Bam earthquake) and Zimbabwe (natural disaster—drought) will be continued in order to formulate, implement and/or monitor the most viable programmes to respond to the industrial and economic recovery of the countries. A new challenge will emerge for UNIDO's interventions in countries in post-crisis situations, such as Liberia, for the biennium 2004-2005 in view of the international community's involvement in reconstruction efforts.

Round table on post-crisis industrial rehabilitation and reconstruction organized at the tenth session of the General Conference

10. At the tenth session of the General Conference, the post-crisis initiative received special attention at round table 4 which hosted distinguished panellists, such as the President of Timor-Leste, the Minister of Trade and Industry from Sierra Leone, the Permanent Representative of Japan to the United Nations in Vienna, a senior representative from the private sector of Sri Lanka, and senior staff from the United Nations system, all of whom shared their experience on post-crisis assistance. The panel discussions supported UNIDO's initiative and provided additional suggestions on ways and means for UNIDO interventions in the continuum from relief to rehabilitation and development in countries and areas affected by natural or man-made crises. Reference is made to the publication of summary presentations of the panellists and discussions of all round tables held during the tenth session of the General Conference (expected release in April 2004).

11. Resolution GC.10/Res.6 clearly noted the Secretariat's proposal in the issue paper for the round table that UNIDO's post-crisis initiative should be based on three basic principles: sound diagnosis, tailor-made responses, and close donor coordination and inter-agency collaboration.

Workshop on human security

12. Based on an initiative of the Permanent Mission of Japan, UNIDO co-organized a workshop on human security on 20 January 2004 with a view to discussing with Member States as well as Vienna-based United Nations agencies and other organizations the strategic framework of human security. UNIDO presented its initiative for post-crisis industrial rehabilitation and reconstruction as well as current and prospective interventions in this field. The Director-General announced that he intended to create a UNIDO Special Facility for Human Security with initial funds of up to $1 million, coming from UNIDO' s own resources, for the purpose of financing: (a) preparatory assistance and programme development activities, (b) joint activities with other United Nations agencies, and (c) promotion of inter-agency and donor community consultations.

Update of activities

13. In view of the fact that various programming exercises are currently under way, further progress of the activities under this subject will be reported in due course. More detailed information will also be provided on UNIDO's business plan on post-crisis industrial rehabilitation and reconstruction for 2004-2005.

II. ACTION REQUIRED OF THE BOARD

14. The Board may wish to take note of the information in the present document.

Annex

UNIDO POST-CRISIS INTERVENTIONS
(as of February 2004)

	Country	Area of Intervention		Project	Budget proposed (in US dollars)	Budget approved (in US dollars)	Funding source	Status	
1	**AFGHANISTAN**	Privatization	1	Regional initiative on rehabilitation of industrial enterprises in Afghanistan including options on privatization	144,000	144,000	UNIDO	Ongoing	Regional workshop to be organized in May/June 2004 in order to review findings of privatization modalities as well as UNIDO's SWAP analysis on the rehabilitation of selected state-owned enterprises.
		Agro-industry	2	Assistance to war-affected rural communities through increased agricultural productivity and promotion of auxiliary income-generating activities	852,672		Trust Fund for Human Security	Pipeline	The project proposal is at the advanced stage of approval under the Trust Fund for Human Security.
		Housing	3	Introduction of low-cost housing technologies aiming at the rehabilitation of local small construction materials production	786,018		Trust Fund for Human Security	Pipeline	The project proposal is being submitted to the Trust Fund for Human Security under Phase IV of the Ogata Initiative. Collaboration with UN-HABITAT for a joint programme implementation agreed.
		Rural entrepreneurship development	4	Promotion of community level self-help and rural production activities for improved economic well-being of conflict affected population	1,510,000		Trust Fund for Human Security	Pipeline	A concept paper prepared and submitted informally to the donor. This should be pursued for a full-fledged programme formulation to be considered possibly in programming of Phase V of the Ogata Initiative.
2	**ALGERIA**	Rehabilitation and reconstruction of industrial sectors	5	Post-earthquake assistance: Rehabilitation and reconstruction of industrial sectors	130,000	130,000	UNIDO	Completed	More than 40 per cent of the industrial enterprises in this area were affected partially or totally. Technical assistance for rehabilitation of 11 SMEs has been provided and training for the staff of several enterprises in maintenance of equipment, quality management and production management. A final report has been prepared and validated by counterparts.
3	**ANGOLA**	Investment promotion	6	Investment promotion for Angola's non-oil sector	945,000	65,000 (for the formulation)	UNIDO	Completed/ Pipeline	Two formulation missions conducted; funds under negotiation with some donors; cooperation with other United Nations agencies being formulated; field mission planned in April 2004; comprehensive programme document being prepared.
		Agro-machinery	7	Assistance to the integration of youth in productive sector employment, particularly in the agro-industries sector.	1,798,960		UNIDO/ EU, Italy, Norway	Completed/ Pipeline	Project formulation completed and draft proposal for skill development programme for the youth (including ex-combatants) in manufacturing sector prepared.

	Country	Area of intervention		Project	Budget proposed (in US dollars)	Budget approved (in US dollars)	Funding source	Status	
		Agro-processing/ food safety	8	Capacity-building for the rehabilitation of the food industry in Angola	1,130,000		UNIDO	Ongoing	Project document for recovery and rehabilitation of manufacturing industry and development of the private sector prepared to fit into the market-oriented Southern Africa Development Community (SADC) and the global market. The objective is to build national capacity and capabilities for competitiveness strengthening and employment generation.
		Rural Entrepreneurship Development	9	Rural entrepreneurship development	(UNIDO inputs to be defined)		To be identified	Pipeline	Still in formulation
4	CONGO	To be identified	10	Formulation of a post-crisis programme for industrial rehabilitation	(To be decided)		UNIDO	Pipeline	Technical identification mission organized in December 2003 to conduct a preliminary assessment of the current economic and industrial situation and possible areas of UNIDO's assistance; full-fledged formulation mission to be organized in the second quarter of 2004.
5	CÔTE D'IVOIRE		11	Reformulation of UNIDO integrated programme within the framework of post-crisis industrial rehabilitation and reconstruction	7,960,000 (Emergency phase—2,500,000; reconstruction phase—5,460,000)	25,000 (for the formulation)	UNIDO	Pipeline	UNIDO mission in October 2003 prepared post-crisis assistance programme for industrial rehabilitation and reconstruction in Côte d'Ivoire.
6	DEMOCRATIC REPUBLIC OF THE CONGO		12	Formulation of a post-crisis programme for industrial rehabilitation	47,350		UNIDO	Pipeline	Technical identification mission organized in December 2003 to assess the current situation and possible areas of UNIDO's assistance; UNIDO and the DRC authorities agreed on the industrial policy and strategy development as well as major focus on four industrial subsectors, i.e. textile, food processing, wood processing and building materials. Full-fledged formulation mission planned in March/April 2004.
7	GUATEMALA	SME development for indigenous entrepreneurs in Petén	13	Assistance to indigenous rural community groups to alleviate the adverse impact from forest fires through appropriate natural resource management, income and employment generation particularly in agro-industrial sectors	US$ 1,050,000		UNIDO	Pipeline	Project proposal under discussion with donor (Japan) and field visit organized for donor representative at Japanese Embassy in Guatemala.

	Country	Area of intervention		Project	Budget proposed (in US dollars)	Budget approved (in US dollars)	Funding source	Status	
8	GUINEA	Income generation activities for refugees, internally displaced people and host communities	14	Assistance for capacity-building and rehabilitation of social infrastructure in refugee zones for the skill development and creation of income generating opportunities for refugees, internally displaced persons (IDPs) and host communities (pilot phase in N'Zérékorek)	1,064,711	250,000 (for preparation and partial implementation)	UNIDO/ Trust Fund for Human Security	Ongoing	For the preparation of a full-fledged programme, refugees, IDPs and host community population, including 40 entrepreneur groups, have been trained in technical and entrepreneurial skills for micro- and small-scale industrial production. The association of small-scale industries is being assisted in developing a business plan for the establishment of a Community-based Production Centre (CPC). Full-fledged project document submitted to a donor in February 2004; final consultation with donor was conducted in March 2004.
9	IRAQ	Rehabilitation of water supply and sanitation in close cooperation with UNICEF	15	Rehabilitation of chlorination units in Iraq for chlorine production of water purification and sanitation (in cooperation with UNICEF): rural water supply	30,000,000		Japan as a potential donor	Pipeline	Mission to Amman organized in December 2003, following a needs assessment review on Iraq, UNIDO strategy for support to industrial rehabilitation and economic recovery in Iraq prepared; full-fledged project document for water and sanitation segment to be completed by the end of March 2004.
		Essential Health Care Supplies in close cooperation with WHO	16	Support to quality and environmental management, and productivity of essential health care supplies sector in Iraq (in cooperation with WHO)	1,050,000		To be identified	Pipeline	
		SME development in close cooperation with UNDP	17	Support to the development of women and youth entrepreneurships for job creation and sustainable livelihoods: preparatory assistance for the creation of employment opportunities in the small and medium scale industrial enterprise sector	6,800,000 to 11,400,000		To be identified	Pipeline	
			18	Information system support to local procurement of post-crisis relief supplies	1,007,000		To be identified	Pipeline	

	Country	Area of intervention		Project	Budget proposed (in US dollars)	Budget approved (in US dollars)	Funding source	Status	
			19	Recycling of waste building materials (in cooperation with the International Centre for Science and High Technology and UN-HABITAT)	11,300,000 to 21,300,000 (10,000,000 to 15,000,000 is the estimate for the cement plant rehabilitation)		To be identified	Pipeline	
		Agro-industry (partnership with FAO)	20	Support to the rehabilitation of the agro-industrial sector (in partnership with FAO): (a) Development of cottage industries for the reintegration of IDPs and returnees, (b) Pilot project for the rehabilitation of the dairy sector—milk factory of Abu Graib, Baghdad, and (c) Rebuilding the food safety control capacity	58,500,000 to 63,500,000 (50,000,000 is the estimate for the fertilizer pilot project)		To be identified	Pipeline	
10	RWANDA	Rural energy development	21	Community-based, off-grid rural power projects using renewable energy resources and implementation of pilot power projects with public partnership	190,000	86,000	UNIDO	Pipeline	Full-fledged project document being prepared.
		Tannery rehabilitation and promotion of leather products	22	Improving the quality of natural resources in the hides and skins sector to rehabilitate the existing tannery in Nyabugogo and to create an exportable product	1,500,000	215,000	UNIDO	Pipeline	A plan for the rehabilitation of two slaughterhouses prepared and two slaughterhouses rehabilitated; Nyabugogo tannery partly rehabilitated; basic training to local artisans in leather products organized.
		Industrial policy Implementation	23	Strengthening the capacity of relevant government authorities and the Forum for Economic Partnership in order to effectively implement the industrial policy	300,000	82,000	UNIDO	Pipeline	Implementation of the newly-developed industrial policy needed.

	Country	Area of intervention		Project	Budget proposed (in US dollars)	Budget approved (in US dollars)	Funding source	Status	
11	SIERRA LEONE	Entrepreneurship development and food security	24	Assistance in developing the capacity of civil society organizations for the economic reconstruction and SME development. In addition, assistance in attaining the national food security through promotion of commercial post-harvest activities and in improving market access and competitiveness of fishery products into the regional and international markets	6,100,000	28,000	To be identified	Pipeline	Mission was organized in September 2003 to identify country's priority needs. Operational activities are expected to start in the first half of 2004. A draft programme document which included SME development, food security and market access of fishery products was submitted to the Government of Sierra Leone at the end of February 2004.
12	SRI LANKA	SME development through local self-help initiatives for employment and income generation (North-East region)	25	Support for recovery of community-based micro and small business development through local self-help initiatives for employment and income generation	860,280		Trust Fund for Human security	Pipeline	Mission organized in February 2003 to prepare a proposal for post-crisis industrial rehabilitation of the North-East of the country. A proposal prepared for institutionalizing various business development services for micro and small enterprises and for promoting the participation of youth, women and ex-combatants in the mainstream economic development in the post-conflict zones of the country.
		Agro-industry	26	Promotion of agricultural mechanization in the post-conflict area to increase the agricultural productivity and food security through the capacity-building and creation of local agro-industries	818,550		Trust Fund for Human Security	Pipeline	Project prepared in combination with the above-mentioned project proposal for the development of business development services in the war-torn region of the country in order to promote technology transfer, skill development and capacity-building.
13	SUDAN	Agro-industry	27	Revitalization of agricultural productive capacities in post-conflict zones by promoting participation and community-building for food security	1,141,690	1,141,690	Trust Fund for Human Security	Ongoing	Under implementation; mission planned in April 2004 for the launch of project activities.
			28	Setting up low-cost building materials production units for the local construction of shelter and housing in selected post-conflict and rural areas	(To be decided)	293,800	To be identified	Pipeline	Project preparation, negotiations with donors in progress.

	Country	Area of intervention		Project	Budget proposed (in US dollars)	Budget approved (in US dollars)	Funding source	Status	
			29	Joint programme formulation with FAO and WHO	(To be decided)	(To be decided)	To be identified	Pipeline	In collaboration with FAO, the lead agency for the development of a sustainable livelihood programme, UNIDO contributed to the needs assessment of rural communities for the introduction of technical and entrepreneurial skill development for the promotion of small business. WHO collaboration being sought for the community-based initiative to be introduced in rural areas.
			30	Youth entrepreneurship development in selected locations, with special emphasis on mobility aids for war victims and promotion of informal manufacturing activities	132,210		To be identified	Pipeline	Formulation mission pending availability of funds.
14	TIMOR-LESTE	Entrepreneurship development	31	Assistance in providing efficient implementation of business-related laws by providing training for young people in entrepreneurship and for civil servants in the administration of business-related laws and regulations	700,000		Portugal, Japan	Pipeline	UNIDO missions in June 2003 and in January 2004 formulated UNIDO's assistance in establishing the enabling environment for business development and in strengthening the entrepreneurship development, particularly among the youth. At very advance stage of negotiations with Portugal (funding of $350,000 under consideration) and with Japan (funding of $350,000 under consideration)